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Can a Marketing Order Help?

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A Federal marketing order gives farmers a means of solving a wide range of marketing problems through unified action.

It is a flexible tool. It can be tailored to the needs of those using it.

It is a legal tool. It has the force of law, with government assuring an appropriate balance between the interests of agriculture and the general public.

Each partner—producers and government—has a unique role.

ROLE OF PRODUCER OR PRODUCER GROUPS

Agricultural producers, joining together as individuals or through their cooperatives:

- Initiate request for an order
- Develop proposed provisions
- Present evidence at hearings
- Approve each order before it becomes effective
- Participate in administration (when the order so provides)
- Direct termination of an order when it no longer serves their needs

ROLE OF GOVERNMENT

Government, acting through the Secretary of Agriculture:

- Furnishes technical guidance and assistance
- Drafts orders, based on the hearing record
- Provides legal authority for administration and enforcement
- Issues orders which are in the public interest

LEGAL AUTHORITY

The Agricultural Marketing Agreement Act of 1937 provides general authority for the use of marketing orders, and specifies the commodities to which they may be applied. Commodities currently excluded are listed on page 6. Producers of excluded commodities may become eligible by having the basic statute amended. Or they may get special legislation to achieve specific marketing objectives—as, for example, the Cotton Research and Promotion Act, enacted in 1966.

CURRENT SCOPE OF FEDERAL MARKETING ORDERS

The Nation's dairy farmers in fiscal 1974 marketed \$5.6 billion worth of fluid milk—about three-fourths of the Grade A milk sold by producers—under 61 Federal milk marketing orders.

Other farmers marketed almost \$3.2 billion worth of fruits, vegetables, and specialty crops under 49 Federal marketing agreements and orders.

The Nation's cotton farmers raised and spent \$14 million for research and promotion under provisions of the Cotton Research and Promotion Order.

WHAT ORDERS CAN DO

Marketing order authority is broad and varied. Orders can be tailored to meet a wide range of marketing problems.

For milk, orders may, among other things:

- Set minimum producer prices
- Classify milk according to use
- Pool returns to producers
- Adjust returns to producers on the basis of marketing in a base period
- Establish a system of verifying weights, sampling and testing
- Provide market information
- Provide for advertising, research, and promotion

For other commodities, orders may:

- Regulate marketings—by volume, or by grade, size, or quality
- Establish producer or handler marketing allotments
- Control and equalize the burden of surplus
- Pool returns to producers or handlers
- Require product inspection
- Provide for research and market development

- Prohibit unfair trade practices
- Require sales only at filed prices

For certain designated commodities, orders may:

- Specify size, capacity, weight, dimensions, or pack of container
- Provide for paid advertising
- Be accompanied by comparable grade, size, quality and maturity regulations on imports of the commodities

WHAT ORDERS CAN'T DO

What Federal marketing agreements and orders can't do is spelled out in the enabling law.

Federal orders for milk can't:

- Control production
- Restrict the marketing of milk by producers
- Fix consumer prices

For other commodities, orders can't:

- Control production
- Fix prices at any level of trade

AREA COVERED

Except for milk, the law requires that orders be limited to the smallest practicable regional production or marketing area. If it is found that effective regulation can't be achieved on a regional basis, a national order may be considered.

ADMINISTRATION

Orders are administered by agencies designated by the Secretary of Agriculture. For milk, the administrative agency is a market administrator appointed by the Secretary. For other commodities, administrative committees are appointed by the Secretary, made up of producers (or producers and handlers) nominated by the industry. The Secretary oversees the activities of these administrative agencies to insure that actions are in the public interest and within legal bounds. Operating expenses are covered by assessments collected from regulated handlers.

STEPS IN ORDER DEVELOPMENT

Before a proposed order is issued by USDA, it must go through a number of basic steps:

- Farmers or their representative groups prepare and submit a specific order proposal to USDA
- USDA studies the proposal to see if it is feasible

- If the proposal appears feasible, a public hearing is held in the local area to obtain evidence for and against the order proposal

- A "recommended decision" based on the hearing evidence is issued by USDA, with enough time for anyone interested to study the proposal and submit exceptions

- A "final decision and order," taking into account the exceptions received, is issued by USDA

- Producers vote on it, with a two-thirds majority usually required to put the order into effect

Once an order is in effect, the procedure for amending it—to keep it in step with changing marketing conditions and needs—is similar. But an order must be terminated when a simple majority (more than 50 percent) desires termination.

The public nature of marketing order procedures affords a unique opportunity for industry leaders, farm organizations, college and university specialists, consumer organizations, or any other interested group (or individual) to have a hand in shaping Government decisions.

WHAT COMES FIRST

Groups of farmers, cooperatives, or other producer organizations interested in exploring the use of a marketing order should first discuss and define their marketing problems. To the extent possible, those who ship, pack, process, or use the commodity should be brought into the discussions. Handlers, in particular, have a big stake in an order, since regulatory actions are applied at the handler level.

MARKETING AGREEMENT

A marketing agreement, signed by handlers of a commodity, is often issued along with a marketing order and carries the same provisions. The enabling law permits handlers of any agricultural commodity to enter into marketing agreements with the Secretary of Agriculture. An agreement may be used without an order to serve the same purposes. But, its actions are binding only on those who sign it.

HOW TO PROCEED

If, after analyzing their situation, farmers feel a marketing order might improve the marketing of their commodity, they should find out specifically what the law permits for that commodity. Then, they can outline a possible order—including the area to be covered, the order's provisions, and how it would be administered. They can get help by contacting:

*The Administrator
Agricultural Marketing Service
U.S. Department of Agriculture
Washington, D.C. 20250*

As of June 1, 1974, the enabling law excluded these commodities:

honey	sugarbeets	poultry (but
cotton	wool	turkeys are
rice	mohair	eligible)
wheat	livestock	eggs (but
corn	soybeans	turkey
rye	grain sorghums	hatching
sugarcane	flaxseed	eggs are
cottonseed	barley	eligible)
oats	potatoes for processing	

Apples are excluded in all States except Washington, Oregon, Idaho, New York, Michigan, Maryland, New Jersey, Indiana, California, Maine, Vermont, New Hampshire, Rhode Island, Massachusetts, Connecticut, Colorado, Ohio, New Mexico, Illinois, and Utah. But apples for canning and freezing are not eligible in Washington, Oregon, and Idaho.

Fruits and vegetables for canning and freezing are excluded, except asparagus, olives, grapefruit, cherries, cranberries, and pears.

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